



# WASHOE COUNTY

"Dedicated To Excellence in Public Service"

[www.washoecounty.us](http://www.washoecounty.us)

CM/ACM RA  
Finance RA  
DA RA  
Risk Mgt. n/a  
HR RA  
Other n/a

## STAFF REPORT

BOARD MEETING DATE: April 12, 2016

**DATE:** March 11, 2016  
**TO:** Board of County Commissioners  
**FROM:** Cathy Hill, Comptroller  
328-2563, [chill@washoecounty.us](mailto:chill@washoecounty.us)  
**THROUGH:** Joey Orduna Hastings, Assistant County Manager  
328-2000, [jhastings@washoecounty.us](mailto:jhastings@washoecounty.us)

**SUBJECT:** Approval of the attached resolution to augment the Health Benefits Fund budget for fiscal year 2015-16, increasing revenues by \$4,696,135 and increasing expenditure authority by \$4,696,135, adopt the attached resolution to amend the fund's budget accordingly; and direct the Comptroller to make the appropriate budget adjustments (net impact is zero). (All Commission Districts)

### SUMMARY

As of January 31, 2016, expenditures of the Health Benefits Fund are anticipated to exceed existing budget authority by approximately \$4.7 million for the 2015-16 fiscal year. This is primarily due to increased health insurance premiums paid for the Washoe County HMO plan, increased prescription drug claims and expenses related to the Affordable Care Act. Similarly, certain revenues of the Health Benefits fund are also trending higher, including approximately \$2.5 million in additional reimbursements from the OPEB Trust due to a recent change in County policy. Thus, total revenues are also anticipated to be approximately \$4.7 million higher than budgeted.

There is sufficient cash in the Health Benefits Fund to pay all projected expenses, but additional budget authority is needed to increase appropriations to cover the higher costs.

**Washoe County Strategic Objective supported by this item:** Sustainability of our financial, social and natural resources.

### PREVIOUS ACTION

On May 12, 2015, the Board of County Commissioners (BCC) approved the 2015-16 final budget for the Health Benefits Fund.

On January 12, 2016, the BCC approved a policy directing staff to request reimbursement of the Health Benefits Fund's full cost of retiree health benefits from the Washoe County OPEB Trust Fund.

**BACKGROUND**

Nevada Revised Statutes (NRS) 354.598005 sets forth the requirements for budgetary augmentations. Further guidance for the treatment of expenses in excess of the original budget of internal service funds is provided by Nevada Administrative Code (NAC) 354.481.

In short, the statute and code allow expenses in excess of the original budget appropriation in an internal service fund, as long as the budget is adjusted by the adoption of a resolution by a majority vote of all members of the governing body providing for such a change to the budget. Such adjustments to budget do not necessitate filing with the Department of Taxation, but shall be included in the next quarterly report.

**FISCAL IMPACT**

If approved, the augmentation will result in an increase in appropriations and revenues for the Health Benefits Fund of \$4,696,135, in the following accounts. There is sufficient cash in the fund to cover the requested increase in expenditures.

Health Benefits Fund

Source of Funds

491434 Retiree Insurance Premiums	\$ 500,000
491436 Group Insurance Premiums	(1,600,000)
491437 Other Agency Group Insurance Premiums	400,000
491445 OPEB Trust Retiree Reimbursements	4,566,135
491430 Rx Rebates – Current Year	870,000
431185 Federal Grants – Unrestricted (Retiree Drug Subsidy)	(40,000)

Increase (Decrease) Expenditures

710100 Professional Services	\$ 250,000
710514 Regulatory Assessments	505,000
710585 Undesignated Budget	(1,840,000)
710740 Health Insurance Premiums	4,450,000
710744 Reinsurance Premiums	285,000
710760 PEBS Premium Subsidy	(56,365)
710765 Rx Claims	1,590,000
710770 Prior Year Claims	(487,500)

**RECOMMENDATION**

It is recommended that the Board of County Commissioners approve an augmentation of the Health Benefits Fund budget for fiscal year 2015-16, increasing revenues by \$4,696,135 and increasing expenditure authority by \$4,696,135; and if approved, adopt the attached resolution to amend the fund's budget accordingly; and direct Comptroller's Department staff to make the appropriate budget adjustments.

**POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be: "Move to approve an augmentation of the Health Benefits Fund budget for fiscal year 2015-16, increasing revenues by \$4,696,135 and increasing expenditure authority by \$4,696,135; adopt the attached resolution to amend the fund's budget accordingly; and direct Comptroller's Department staff to make the appropriate budget adjustments."

RESOLUTION  
TO AMEND THE BUDGET OF THE WASHOE COUNTY HEALTH BENEFITS FUND

WHEREAS, the fiscal year 2015-16 revenues and expenditures in the Washoe County Health Benefits Fund are anticipated to exceed existing budget authority; and

WHEREAS, the Health Benefits Fund has sufficient available resources including an anticipated increase in revenue and cash to meet these additional expenditures;

NOW THEREFORE BE IT RESOLVED, by the Board of County Commissioners of the County of Washoe, State of Nevada:

Section 1. That the budget of the Washoe County Health Benefits Fund be augmented to reflect expected revenue amounts as follows:

491434 Retiree Insurance Premiums	\$ 500,000
491436 Group Insurance Premiums (County employees)	(1,600,000)
491437 Other Agency Group Insurance Premiums	400,000
491445 OPEB Trust Retiree Reimbursements	4,566,135
491430 Rx Rebates – Current Year	870,000
431185 Federal Grants – Unrestricted (Retiree Drug Subsidy)	(40,000)

Section 2. That the budget of the Washoe County Health Benefits Fund be augmented to increase (decrease) expenditure authority as follows:

710100 Professional Services	\$ 250,000
710585 Undesignated Budget	(1,840,000)
710514 Regulatory Assessments	505,000
710740 Health Insurance Premiums	4,450,000
710744 Reinsurance Premium	285,000
710760 PEBS Premium Subsidy	(56,365)
710766 Rx Claims	1,590,000
710770 Prior Year Claims	(487,500)

Section 3. This resolution shall be effective on passage and approval.

Section 4. The County Clerk is hereby directed to distribute copies of the Resolution to the Comptroller's Office and to the Budget Office.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

---

Kitty K. Jung, Chair,  
Washoe County Board of County Commissioners

ATTEST:

---

Washoe County Clerk